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October 31, 1997

VIA CERTIFIED MAIL (RETURN RECEIPT REQUESTED)

Allianz Underwriters, Inc.
3400 Riverside Drive
Suite 300
Burbank, CA 91505-4669

Re: Potential Claim for Environmental Damage in the
Coeur d'Alene Basin, Northern Idaho

Insured: Group R Co., Inc.

Policy No.: AUX 5 20 01 91 (8/31/80 - 2/1/82)
AUX 5 20 12 90 (2/1/82 - 10/1/82)
AUX 5 20 12 91 (2/1/82 - 10/1/82)
AUX 5200901 (10/1/82 - 10/1/83)
AUX-520-0800 (10/1/82 - 10/1/83)
AUX-200991 (10/1/83 - 10/1/84)
AUX 200992 (10/1/83 - 10/1/84)
AUX 203168 (10/1/84 - 10/1/85)

Dear Sir or Madam:

We write on behalf of Group R Co., Inc. ("Group R"). Group R is the successor by merger to the Golconda Corporation (formerly known as the Golconda Lead Mines, Inc. (from 1927-1962) and the Golconda Mining Corporation (from 1962-1970)) and was formally known as the RegO Company (from 1977-1978) ("RegO") and RegO Group, Inc. (from 1978-1992) ("RegO Group"). From 1974 through 1976, Cerro Corporation ("Cerro") owned approximately 85% of the shares in Golconda Corporation. In 1976, Cerro was merged into the Cerro-Marmon Corporation ("Cerro-Marmon") and Cerro-Marmon continued to hold an 85% interest in Golconda. In 1977, Cerro-Marmon changed its name to The Marmon Group, Inc. ("Marmon Group") and continued to own 85% of

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GRP "R" CDA EM - UC20

LS 003572

October 31, 1997

Golconda/RegO/RegO Group until 1985, when Marmon Group purchased the outstanding 15% of stock in RegO Group and became the owner of 100% of the stock.

On or about August 29, 1997, the United States Department of Justice and the Coeur d'Alene Tribe filed motions in the United States District Court for the District of Idaho seeking leave to amend their complaints to add Group R as a defendant and seeking contribution pursuant to CERCLA toward the cleanup costs of the Coeur d'Alene mining district in Northern Idaho as well as Natural Resource Damages. A copy of those motions are attached for your information.

Your company provided insurance coverage to either Golconda Corporation, Cerro, Cerro-Marmon, the Marmon Group, Marmon Holdings, Inc., the Pritzker Interests (including all divisions, subsidiaries and affiliates thereof) and/or Group R which obligates it to both defend and indemnify Group R against this claim. Kindly acknowledge your receipt of this notice and your acknowledgment of your defense and indemnity obligations by sending a written letter to Michael David Lichtenstein, Esq., Lowenstein, Sandler, Kohl, Fisher & Boylan, 65 Livingston Avenue, Roseland, New Jersey 07068.

Should you have any questions please do not hesitate to contact the undersigned.

Very truly yours,



Michael David Lichtenstein

MDL/nap
Enclosure

cc: Michael L. Rodburg, Esq.
William T. Sweeney (The Marmon Group, Inc.)